



Transmission Business Line (TBL)

Customer Comments and BPAT Responses

OPERATING RESERVES BUSINESS PRACTICE, REVISION 2

Posted September 22, 2003

This document contains the customer comments on the Operating Reserves - Spinning and Supplemental Services, Revision 2 business practice draft, posted 07/23/2003, and the responses to those comments from Bonneville Power Administration Transmission Business Line (BPAT).

Thanks you for your comments.

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Comments from Seattle City Light

James Hansen submitted the following comments on behalf of Seattle City Light via email on July 31, 2003.

Section B.1

Section B.1.a should have a 4th section I think that reads something like:

4) designated Supplier or BPAT have not completed implementing and testing the necessary interfaces, systems, or software required in order to comply with this business practice by the start of the ensuing FY (October 1, 0000).

BPAT Response

BPAT agrees with your suggestion and will make change.

Question in Section C.5

As a third party supplier and also a self supplier, does the 150 annual aMW mean the total of all of the resource we are providing for ourselves PLUS the resources we are providing Op reserves for as a third party supplier? Or, is each party measured separately?

BPAT Response

The 150 annual aMW means the total of all resources that a supplier is providing, including those for itself as a self-supplier as well as those provided as a third party supplier to another entity.

Question in C.6

How is this monitored? Filings with WECC don't necessarily cover a-h.

BPAT Response

The supplier is required to file reports on a monthly and/or quarterly basis with the WECC which includes subsection a-h identified in section C.6 of BPAT's Business Practice.

Question in C.8

Who is responsible for writing these and when do they need to be in place? Theoretically, the parties wouldn't know that they were going forward with third party supply until 9/1.

BPAT Response

BPAT is responsible for drafting and offering the operating agreement, which must be executed prior to the Fiscal Year in which the operating agreement is in effect.

Comment on C.16

Please add: "These tests will net to 0 integrated MW's within the current minimum schedule granularity (currently one hour)." or something to that effect.

BPAT Response

It is BPAT's intent to do it within the current hour but there may be times when the unannounced test is superceded by a real time disturbance which will require the integrated MW to be zeroed out in the next hour.

Comment on C.17

C.17, typo last sentence, "penalties are due" rather than "penalties is due"

BPAT Response

BPAT agrees with your suggestion and will make change.

Section C.18

C.18, typo 1st sentence, "obligated to comply" rather than "obligated or comply"

BPAT Response

BPAT agrees with your suggestion and will make change.

Question on C.21.b

Should the last sentence say "close to zero" rather than "zero"?

BPAT Response

No. The zero daily net load forecast error is the goal for a load forecast process. As a result of being a goal (no bias either way), the Upper and Lower Process Behavior limits are symmetrical. In other words, the process limits will assume a zero mean error. But as long as the daily error stays within the Upper Process Limit, Lower Process Limit, and the Daily Upper Range Limit, there is no penalty for non-zero mean error.

Section D.2

Please change as follows:

"The Supplier shall exchange real-time data with BPAT using the ICCP data link between BPAT's two control centers, DCC and MCC, and the Supplier's EMS (or resource). The Supplier shall exchange other types of data, such as schedules, generation estimates, meter readings, etc, with BPAT using the WECC EIDE protocol."

BPAT Response

BPAT agrees with your suggestion and will make change.

Section D.3

Please begin the second sentence as "Real-time data exchange..."

BPAT Response

BPAT agrees with your suggestion and will make change.

Question in D.3.c

There is no mention of periodicity or timing. What are the requirements? (I know these don't apply to us, but anyway).

BPAT Response

The Supplier is required to update its Generation Estimates every 10 seconds as noted in section D.3 of the Business Practice. For example, a plant may be set on regulation as well as Operating Reserves, which means that the Generation Estimate is changing continuously and applies to generation in the Control Area unless BPAT is given direct control of the generation.

Section D.4

I think there should be an e. for delivery flag. General comment, the business practice should be brought in line with the informal data exchange document provided to us by Faz. This contains the data exchange description for a Supplier providing system response and BPAT (both data provided by BPAT and data provided by the Supplier). That list hasn't been finalized yet as I raised a couple of issues at our last meeting that put the list into question, however it will need to be prior to implementation and I think it should be included in this BP.

BPAT Response

BPAT agrees with your suggestion but because it requires a system change it is not doable at this time.

I suggest that a new section be added in D that describes that non-real-time data exchange from BPAT to the Supplier. This would include, for example, the description of the 5 accounts being provided for day+1, day 0, and day -1 for those entities with generation behind the meter that a third party Supplier would receive from BPA, the 3 accounts for the entities that don't have generation behind the meter, etc, along with a description of when this data will be transmitted and how (using EIDE).

BPAT Response

BPAT had amended section E.6 to enable BPAT and the Supplier to include additional, non-real-time data that may be exchanged from BPAT to the Supplier.

Comments from Powerex

Two of the proposed revisions raise concerns for Powerex:

Section B.1.d

Section B.1.d. is very broad and its intent is not clear. If TBL does not intend to revoke a customer's right to self-supply operating reserves arbitrarily or without good cause, then I suggest this paragraph be revised. In the Revision 2 Summary comments you indicate that this section is meant to enable BPAT to make annual reviews of the criteria to self-supply, however, my reading of this paragraph suggests that TBL would be able to terminate mid-year a customer's right to self-supply for reasons or criteria that were not previously described in the business practice.

Transmission customers who have incurred capital costs in order to self-supplying Operating Reserves would like some assurance that the standards on which their performance will be judged have already been described in the business practice and will apply to all of TBL's customers.

Suggested revision of section B.1.d:

"BPAT will evaluate the criteria requirements necessary to qualify for self-supply or third party supply reserves annually. As a result of this annual evaluation process all transmission customers who are no longer eligible to supply Operating Reserves will be advised accordingly by BPAT."

BPAT Response

BPAT appreciates your concerns but it may not be able to accommodate a Transmission Customer who is the supplier of Operating Reserves due to changing conditions to BPAT's or the customer's system. BPAT will work with its customers prior to any mandated changes imposed by or to BPAT through such avenues as the Business

Practices and Systems Forum to explain the situation and work on solutions with the customers.

Section C.19

Section C.19 This section is meant to address the issue of delivering Operating Reserves over potentially constrained paths.

Imagine the situation when there is over 1000 MW of North-to-South ATC on the Northern Intertie, under that circumstance would Powerex have to demonstrate that it had adequate transmission available to deliver 8 MW of reserves to BPAT? If so why? My fear is that in most hours of the year this will add extra work for BPAT's and its customers schedulers without significant benefit.

An alternative would be to describe the conditions when transmission constraints would result in a strike for the self-supplier. For instance, if in any hour the difference between the North-to-South OTC on the Northern Intertie and the actual NI flow is less than Powerex's share of the BPAT Operating Reserve obligation then Powerex would be assessed a strike for that hour. I think this would be easier to administer and would achieve the same result as Self-suppliers would be motivated to avoid strikes. In addition the same standard could then be applied to all self-suppliers, rather than just those whose intertie(s) appear(s) on the Constrained Path posting.

BPAT Response

Powerex, as the Contingency Reserves Obligation provider, must demonstrate that it has adequate transmission rights available to deliver its Operating Reserves Obligation to BPAT for any posted transmission constraints. In Powerex's case, it will be a schedule.

Comments from BPA Power Business Line (PBL)

General Comments:

1. The business practice does not address the operational differences when the TBL Control Area is on Back-up AGC. It is the PBL's understanding that TBL cannot deploy self-supplied or 3rd party supplied reserves when on Back-up AGC, is this correct? If so, (a) PBL would like to know what information is communicated to all Suppliers, and (b) How Operating Reserve obligations are calculated when TBL is on Back-up AGC.

BPAT Response

PBL's understanding that BPAT cannot deploy reserves when on Back-up AGC is correct. No information will be communicated to anyone other than the Supplier, which in this case would be PBL. The Operating Reserve obligations will be calculated using the same method as when BPAT is on its primary AGC. BPAT clarified your understanding in section C.2 of the Business Practice.

2. The numerical sequence on the summary page is off - there are two #6's.

BPAT Response

BPAT will make the correction.

3. In the summary section, #1 the language contained in section B.1. does not match the language in the actual business practice. The summary says the modification was to enable TBL to make "annual reviews", where as the language contained Section B.1.d says "continual reviews."

BPAT Response

BPAT will replace annual with continual reviews.

4. In the summary section, #4 the language contained in section C.6. does not match the language in the actual business practice. The summary language says that language was incorporated to allow for immediate suspension, yet the language within the Business Practice says the control area will not be permitted.

BPAT Response

BPAT has removed the suggested new language in section C.6.

5. In the summary section, #6, subsection 19, we propose replacing "Transmission Customers who request to acquire third party reserves from a Supplier" with "a Supplier other than TBL".

BPAT Response

BPAT agrees with your suggestion and will make change.

Specific Comments:

Section A. Introduction:

Why was the reference to the specific rate schedules replaced with the word "applicable"?

BPAT Response

The specific rate schedules was replaced with the word "applicable" because a business practice may be revised during a rate period and BPAT felt it was appropriate to incorporate what the applicable rate schedule is at the time of the revision to the business practice.

Section A.6.a & b:

Suggest that the definitions be moved and included in Section F.

BPAT Response

In response to a Transmission Customer's request that the definitions for self-supply and third party supplier be defined in the opening section in last revision BPAT shall leave these definitions in this section.

Section A.6.a:

Why was the language changed from "resources it controls" to "from its own resources?"

BPAT Response

BPAT was attempting to clarify what self-supply means so has deleted "from its own resources.

Section A.7:

For clarity, suggest adding generation dispatcher after BPAT in the first sentence. Also, under the second bullet, suggest changing "was lost" with "suffering a contingency," because was lost insinuates a full outage vs. partial de-rate. Also, is it TBL's intent to not be notified of loss of generation other than those due to equipment?

BPAT Response

BPAT agrees with your suggestions and will make changes.

This Business Practice addresses contingencies due to equipment failure; therefore, it is BPAT's intent not to be notified of loss of generation other than for those due to equipment failure. BPAT attempted to clarify in section 8 of the Business Practice the potential outcome if a contingency is not reported by the required time.

Section C.1:

Suggest adding a reference to Section C.10 below for how the Operating Reserve Requirement is calculated.

BPAT Response

BPAT will leave Section C.1 as is.

Section C.5:

Third line of the first sentence, suggest adding "*Supplier's resource*" before response for clarity. Also, suggest replacing "*on the proportion of BPAT's control area requirements,*" with "*allocation ratio of BPAT's control area requirements*" since this is the defined term.

BPAT Response

BPAT agrees with your suggestions and will make changes.

Section C.5.b:

In order to be consistent with the language contained in section C.5.a, in the second sentence, suggest replacing "*this use*" with "*Supplier's deliveries.*" Third sentence, suggest replacing "*it*" with "*they.*"

BPAT Response

BPAT agrees with your first suggestion and will make change. BPAT will leave the third sentence as is.

Section C.6:

This policy states the Supplier must comply with regional reliability policies, but fails to specify a timeframe. Please clarify. Is it one failure, two, hourly, daily, monthly, annually?

BPAT Response

Section C.6 refers to multiple WECC or NERC policies where a specific timeframe will vary depending on the specific policy.

Section C.8:

Since not all Suppliers operate their resources to supply the reserve obligation, shouldn't the operating agreement be between TBL and the resource operator? Also, in the second sentence, we suggest re-writing it to say "The Supplier who is a third party supplier of reserves, on behalf of a Transmission Customer, will be required to execute an agreement between BPAT, the Transmission Customer, and itself.

BPAT Response

BPAT has deleted "of the supplying resource" in section C.8. The supplier will be required to have an operating agreement with BPAT. If the supplier is providing

reserves on behalf of a third party all three parties will be required to execute an operating agreement.

Section C.9:

Is this policy related to strikes only related to the performance standards specified in Section 9.a & b? Because there are other references contained in the business practice related to strikes, specifically sections C.20-24 and E.4. Also, it is unclear as to whether the Supplier is held accountable for all strikes (performance and load forecast accuracy) described in the business practice (a total of 6) or if it is TBL's intent to apply the standards for performance and the standards for load forecast accuracy separately. It is PBL's opinion the Supplier should be held accountable for all strikes, and it should be limited to 6 in total. And, if the supplier is suspended, does this suspension also apply to the Transmission Customer's the Supplier is providing on behalf of?

BPAT Response

Section C. 9 only applies to a supplier's performance. Section 20 applies to a third party who is acquiring reserves from a supplier other than BPAT. BPAT disagrees with PBL's opinion that the supplier should be held accountable for all strikes. If a Transmission Customer fails to perform as required under section 20 of this Business Practice, the Transmission Customer shall receive a strike. If the Transmission Customer receives six strikes for failure to perform pursuant to section 20 then the Transmission Customer will not be allowed to acquire reserves from its supplier for the remainder of the FY. If the Supplier receives six strikes for failure to perform the Transmission Customer will no longer be able to acquire Operating Reserves from the supplier of its choice.

Section C.10:

It is PBL's understanding that the Supplier's reserve requirements referenced in this section are calculated hourly, and suggest adding "*hourly*" throughout this section for clarity.

BPAT Response

BPAT agrees with your suggestions and will make changes.

Section C.13:

This policy allows for a Supplier to supply reserves outside the one control area concept, and describes a notification process for such a supply arrangement. Is it TBL's intent to establish a different election provision than what is contained in Section B.1.a-e? PBL suggests adding this as an option to the existing election provision in Section B.1.a-e and address only the technical requirements of this option in Section C.13.

BPAT Response

BPAT will leave Section C.13 as is. BPAT believes that section B.1 applies to all requests being made by its Transmission Customers to acquire reserves from someone other than BPAT.

Section C.15:

For consistency we suggest replacing "*request*" with "*signal*" and adding "*energy*" after Operating Reserves.

BPAT Response

BPAT agrees with your suggestions and will make changes.

Section C.17 & C.18:

Why is the Transmission Customer also required to comply with the referred to standards, when it is the Supplier's failure?

BPAT Response

BPAT has not relinquished the Transmission Customer from its liability and obligations under the customer's transmission agreement by entering into an agreement with a third party supplier.

Section C.19:

It is PBL's understanding in reading TBL's Business Practice Posting on Reserve Service Power Products, that firm transmission is a requirement for such transactions. Therefore, we suggest changing this section to say the Supplier "*shall*" be required to demonstrate that it has adequate firm transmission. Also, this section does not speak to the scheduling requirement of firm transmission across constrained paths, it our assumption the same provision contained in the aforementioned Business Practice would apply. If so, TBL should make reference to the existing Business Practice.

BPAT Response

BPAT agrees with your suggestion to change "may" to "shall", however BPAT does not agree with your assumption that the same scheduling provisions described in the Reserve Service Power Products is applicable here. BPAT believes it is on a case-by-case basis.

Section C.20:

In the first sentence, we suggest replacing "from a third party" with "a supplier other than TBL," because it appears that this policy could apply to self-suppliers as well as third party suppliers.

BPAT Response

BPAT agrees with your suggestions and will make changes.

Section D.3.d:

In the last sentence, what does the statement "until a contingency occurs mean?" It is PBL's understanding that reserves have to be held available, even in the event of a contingency (at least the portion of a reserve requirement not being deployed).

BPAT Response

Operating Reserves shall be held available at all times and committed when Operating Reserves have been requested for delivery.

Section D.3.g:

Is TBL the default supplier in the event a Supplier's EMS is out of service, or will TBL deploy the Supplier's reserve requirement via a manual process?

BPAT Response

In the event a supplier's EMS is out of service, BPAT will automatically call on PBL and the supplier will receive a strike and any costs incurred by BPAT will be passed onto the supplier.

Section D.4.a:

Suggest replacing "contingency" with "operating" for consistency.

BPAT Response

BPAT agrees with your suggestions and will make changes.

Section E.1:

Suggest adding "communicates" after determine. In the third sentence, we suggest adding "of reserve energy" after amount. In the last sentence, we suggest the same addition.

BPAT Response

BPAT agrees with your last two suggestions and will make changes.

Section E.2:

Suggest adding "to the supplier" after signal.

BPAT Response

BPAT agrees with your suggestion and will make the change.

Section E.3:

We suggest adding, "except with testing" to the end of the sentence. This is to be consistent with the new language that was included in Section C.16.

BPAT Response

BPAT agrees with your suggestion and will make the change.

Section E.4:

Please define Supplier Recovery Error, and add it to the list of definitions contained in Section F. Also, please define Supplier Control Error and add it to Section F.

BPAT Response

Supplier Recovery Error is defined as part of the methodology and Supplier Control Error has been replaced with Supplier Recovery Error.

Section F:

Add the following definitions:

- Self-Supply
- Third Party Supplier
- Operating Reserve Requirement
- Supplier Recovery Error
- Supplier Control Error

BPAT Response

Operating Reserve Requirement is defined in BPAT's 2001 Ancillary and Control Area Services Rate Schedule. See BPAT's responses in sections A.6.a and b and E.4 above.